

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents  
September 17, 2009

ACTION REQUEST

Subject: Amendment to License Agreement and Gift Agreement  
between the University of Michigan and Arbor Networks,  
Inc.

Action Requested: Approval of Agreements

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the agreements. This then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Committee and agreed to by the parties involved.

These proposed agreements ("Agreements") fall under the State of Michigan Conflict of Interest Statute because Professor Farnam Jahanian is both an employee of the University of Michigan ("University") and a partial owner of Arbor Networks, Inc. ("Company"). The law permits such Agreements provided they are disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Farnam Jahanian, a Professor in Electrical Engineering and Computer Science, is the partial owner of a for-profit company called Arbor Networks, Inc. The Company was formed to commercialize network security technologies and entered into a license agreement with the University in 2000 to commercialize a number of technologies developed by Jahanian. The original license agreement had a provision for the Company to fund research over a three-year time frame. The Company and the University have agreed to amend the license agreement to remove the research funding requirement and the Company has agreed to gift to the university a similar amount in support of a fund to be called the "Jahanian Arbor Networks, Inc. Founder Award Fund for Outstanding Ph.D. Thesis Proposal."

Parties to the Agreement:

The Regents of the University of Michigan and Arbor Networks, Inc.

Amendment Terms:

No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreements. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Jahanian arise from his ownership interest in Arbor Networks, Inc.

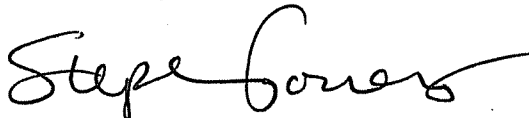
Net Effect:

The Office of Technology Transfer and the Office of the General Counsel have negotiated and finalized the terms of an amendment to the existing world-wide exclusive license agreement related to UM OTT File No. 1900, 1920 and 1921 in all fields of use and the related gift agreement.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Agreements between the University and Arbor Networks, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

September 2009